



#### WHAT WE'LL DISCUSS TODAY:

- Savings Program Basics and Statistics
- Investing & Diversification
- Making Investment Elections and Accessing Your Account Ongoing



# TRADITIONAL 401(K) vs. Roth 401(K)

	<u>Pre-Tax 401(k)</u>	<u>After-tax</u>	Roth 401(k)
Employee Contributions	Made pre-tax	Made <u>after-tax</u>	Made <u>after-tax</u>
Investment Earnings	Grow <u>tax-deferred</u> while in the account	Grow <u>tax-deferred</u> while in the account	Grow <u>tax-free</u> while in the account
Distributions on Employee Contributions	Contributions and investment earnings are taxable	Only investment earnings are taxed, not contributions	Investment earnings are <u>tax-</u> <u>free</u>
Distributions on Company Match	Match and investment earnings are taxable at time of distribution	Match and investment earnings are taxable at time of distribution	Match and investment earnings are taxable at time of distribution
Advantages	If late in career, taxes paid now may be higher then when you retire.	Limited liquidity after 24 months	If early in career, taxes paid now may be lower then when you retire.



#### YOUR CONTRIBUTION RATE

- Contribute from 2.5% to 75% of your earnings in combined pre-tax, Roth 401(k), and/or after-tax contributions.
  - Highly Compensated limited to 16%
  - Pre-tax and Roth 401(k) contributions are subject to annual IRC limits (\$15,500 in 2008)
  - "Catch-up contributions" up to \$5,000 to participants age 50 or older (2008 catch-up limit)
- Use the SMarT Program to automatically increase contributions each year. Automatically increase 1-3% (must be whole percent) annually, effective the month of your choice.



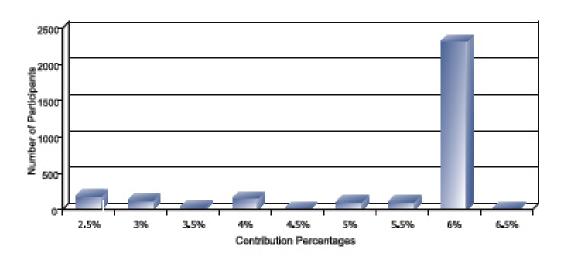
# SAVINGS PROGRAM MATCHING CONTRIBUTIONS HELP YOUR SAVINGS GROW

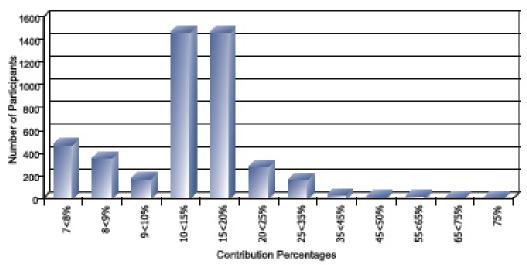
- Contribute 6% of your earnings, Company will contribute 4%.
- You are always 100% vested in your own contributions and investment earnings.
- You will be 100% vested in any Company matching contributions after three years of Company service.



## **HOW EMPLOYEES CONTRIBUTE**

#### Contribution Percentages as of February 2008

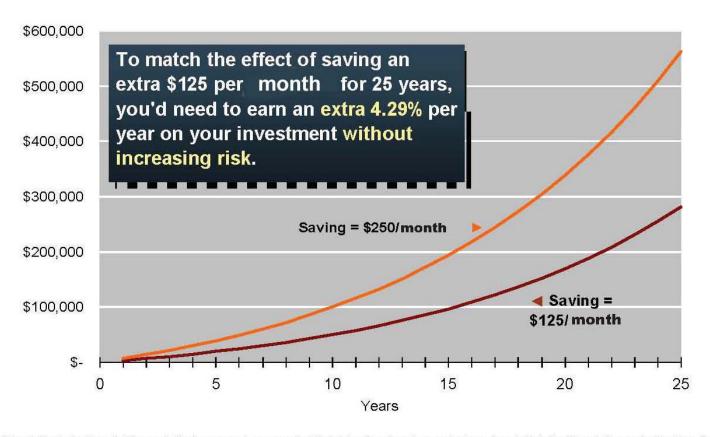






# The power of increased savings

Two hypothetical investors



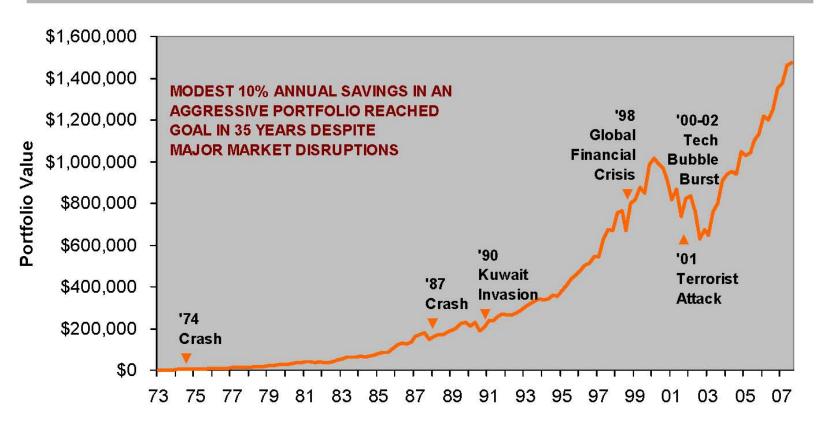
Source: Schwab Center for Financial Research. Savings example assumes that the total savings from the paycheck was invested into the Schwab Aggressive Model portfolio whose anticipated annual rate of return over 25 years is estimated at 9.1%. The Aggressive Model Portfolio (allocated 50% large-cap stocks, 20% small-cap stocks, 25% international stocks, and 5% cash) may not be suitable for all clients. This chart represents a hypothetical investment and is for illustrative purposes only. The actual annual rate of return will fluctuate with market conditions. The actual annual rate of return is not guaranteed.



#### **INVESTING**

# Progress toward goal more important than short-term performance

Hypothetical saver starting out in 1973 followed plan



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The chart illustrates the growth in value of saving 10% of annual salary invested according to the Schwab Aggressive Model Plan. The saver is a 25-year old in 1973, whose 1973 salary of \$21,000 is assumed to grow at 3% annual inflation and an additional 10% due to promotion every 5 years to reach \$100,000 in 2007. The asset allocation plan is weighted averages of the performance of the indices used to represent each asset class in the plans and are rebalanced annually. Returns include reinvestment of dividends and interest. The indices representing each asset class are 5&P 500® index (large-cap stocks), Russell 2000 Index (small-cap stocks), MSCI EAFE Net of Taxes (international stocks), Lehman Brothers U.S. Aggregate Index (bonds), and Citigroup U.S. 3-month Treasury bills (cash). The Aggressive allocation is 50% large-cap stocks, 20% small-cap stocks, 25% international stocks, and 5% cash. CRSP 6-8 was used for small-cap stocks prior to 1979, Ibbotson Intermediate-Term Government Bond Index was used for bonds prior to 1976, and Ibbotson U.S. 30-day Treasury Bill Index was used for cash prior to 1978. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.



# A Long-term View Toward Long-term Gain

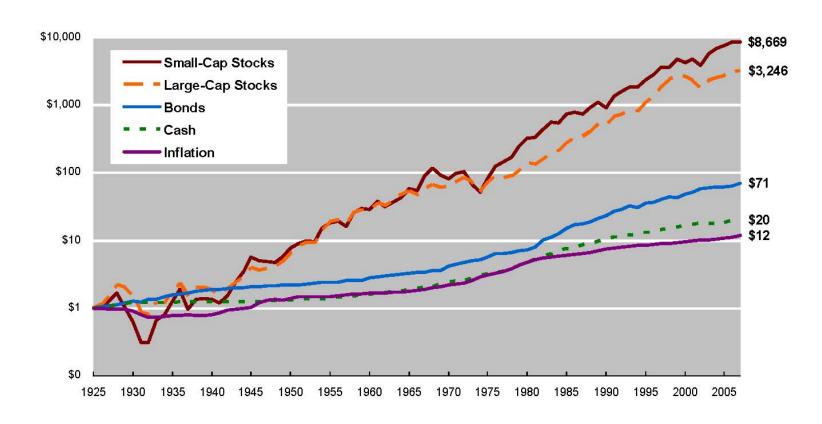
- Market swings are normal and when given enough time, stocks have usually recovered their losses.
- Forget the past a long-term investor will have plenty of time for the market to recover.
- History shows that over the long term stocks trend upward. Since 1926, there has never been a 15-year period (as represented by the S&P 500) in which stocks failed to produce positive returns.\*

\*S&P 500 Index: An index, with dividends reinvested, of 500 issues representative of the U.S. large capitalization securities market. Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.



## Equities have outperformed other asset classes

(1926-2007)



The chart illustrates the growth in value of \$1.00 invested in various financial instruments on 12/31/1925. Results assume reinvestment of dividends, capital gains, and coupons; and no taxes or transaction costs. Generally small-cap stocks are in the bottom 50% of publicly traded companies based on market capitalization. These stocks are subject to greater volatility. Source: Stocks, Bonds, Bills & Inflation® 2007 Yearbook, © 2008 Morningstar, Inc. Based on the copyrighted works of Ibbotson and Sinquefield. All rights reserved. Used with permission. The indices representing each asset class are S&P 500® Index (large-cap stocks); CRSP 6-8 Index (small-cap stocks); Ibbotson Intermediate U.S. Government Bond Index (bonds); and Ibbotson U.S. 30-day Treasury bills (cash). Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.



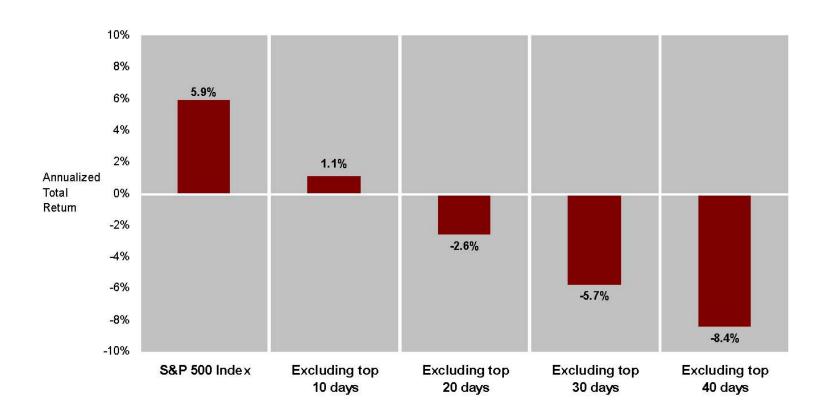
# **Big Picture Investing**

- Chasing returns can be more costly since this results in buying at the peak price, which is contrary to smart investing: buy low, sell high!
- Concentrate on your goal, and choose an investment mix with the potential to help you reach that goal over time.
- Choose a mix that offers you a realistic opportunity to achieve long-term gains while reducing the *overall* risk to a level you are comfortable with.



# Time in the market is more important than timing the market

(1998-2007)

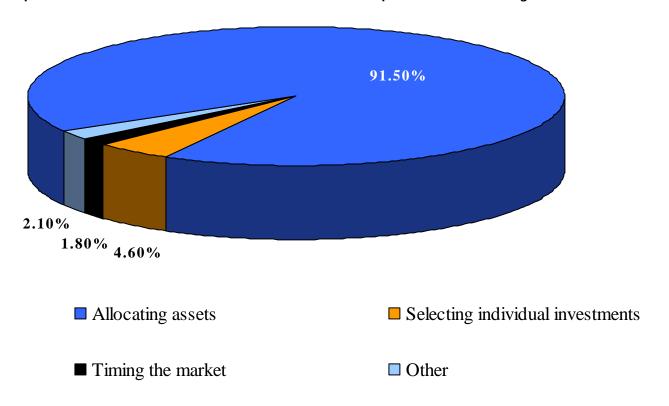


Source: Schwab Center for Financial Research with data provided by Standard and Poor's. Return data is annualized based on an average of 252 trading days within a calendar year. The year begins on the first trading day in January and ends on the last trading day of December, and daily total returns were used. Returns assume reinvestment of dividends. When out of the market, cash is not invested. Market returns are represented by the S&P 500 Index which represents an index of widely traded stocks. Top days are defined as the best performing days of the S&P 500 during the ten-year period. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.



# **Determinants of Portfolio Performance**

Your **Asset Allocation Mix** determines how your portfolio will perform and influences its subsequent volatility.



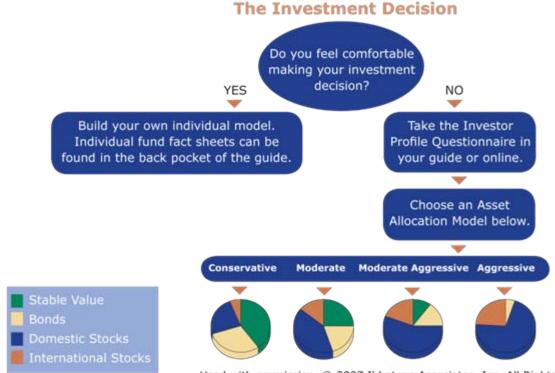


#### **DIVERSIFICATION SPREADS YOUR WEALTH**

- Investing in a balanced portfolio of stocks of large and small U.S. companies, foreign companies and bonds, you'll have the potential to earn good returns with less volatility.
- Mutual funds invest in all types of assets, so they make asset allocation easier for you.
- Asset allocation can balance out the highs and lows.
- Diversification is the key to controlling risk. Mix in liquid and cash investments to avoid under or over weighting.



# **Create a Strategy That Fits:**



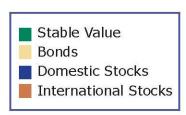
Used with permission. © 2007 Ibbotson Associates, Inc. All Rights Reserved.

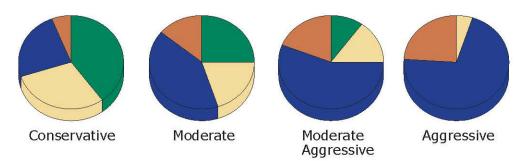
Please note the strategic asset classes designated above are unique to the Asset Allocation Models. As such, mutual fund style and peer group descriptions from other investment sources such as Standard & Poor's may differ slightly. It is important to keep in mind that the models are not an attempt to beat the market. The models and the percentage invested in each asset class will be evaluated periodically, but changes to the percentages allocated to each asset class within each of the four Asset Allocation Models are not likely to change often.

#### **ASSET ALLOCATION**

## **Select an Asset Allocation Model**

Fund Name	Strategic Asset Class	Conservative Model	Moderate Model	Moderate Aggressive Model	Aggressive Model
Stable Value Fund	Stable Value	40%	25%	10%	0%
Wells Fargo Advantage Tot Return Bond I	Domestic Bonds	30%	20%	15%	5%
Vanguard Windsor Adm	Large-Cap Value Equity	8%	11%	13%	15%
American Funds Invmt Co of Amer R5	Large-Cap Value Equity	7%	10%	12%	14%
American Funds Grth Fund of Amer R5	Large-Cap Growth Equity	9%	15%	19%	23%
Goldman Sachs Small Cap Value Inst	Small-Cap Value Equity	0%	5%	8%	11%
Managers Special Equity I	Small-Cap Growth Equity	0%	0%	4%	8%
American Funds EuroPacific Gr R5	International Developed Equity	6%	14%	19%	24%
	Total	100%	100%	100%	100%







In general, as interest rates rise bond prices fall, and vice versa. Bonds are subject to various risks, including interest rate, inflation, and credit risks. Smaller company stocks historically have exhibited greater price swings than larger company stocks, and perform differently than the overall stock market. Investments outside the U.S. involve additional risks including political instability, currency fluctuation, and foreign regulations. Developing or emerging markets involve heightened risk due to a lack of established legal, political, business and social frameworks to support the securities market.

#### SELECT AN ASSET ALLOCATION MODEL

- Asset Allocation Models help simplify the investment decision.
- Professionally managed to suit your personal risk tolerance and provide a well-rounded and diversified portfolio.
- Diversified to help you balance the highs and lows of market cycles and increase the odds of investment growth.
- Models are automatically rebalanced twice a year in June and December.



# **Build Your Own Portfolio**

- Create your own investment strategy, adjusting for your personal risk tolerance and any other retirement assets.
- Select from a variety of investments along the risk/reward spectrum.
- You can choose any allocation among any of the eleven investment options available through the Savings Program.



#### **GET SMART ABOUT INVESTING**

- Do the Research figure out which investments best suit your needs and goals.
- Get Comfortable Knowing how you feel about risk is critical to choosing investments that are right for you.
- Diversify Spreading your money among different investments can help you manage risk and gains in one investment may offset losses in another.
- Patience Pays Volatility is a fact of life in the investment markets. When you're investing to meet long-term goals, stock investments have the potential to outpace inflation.
- Know When to Walk Away from an Investment



# **Avoiding Too Much Risk**

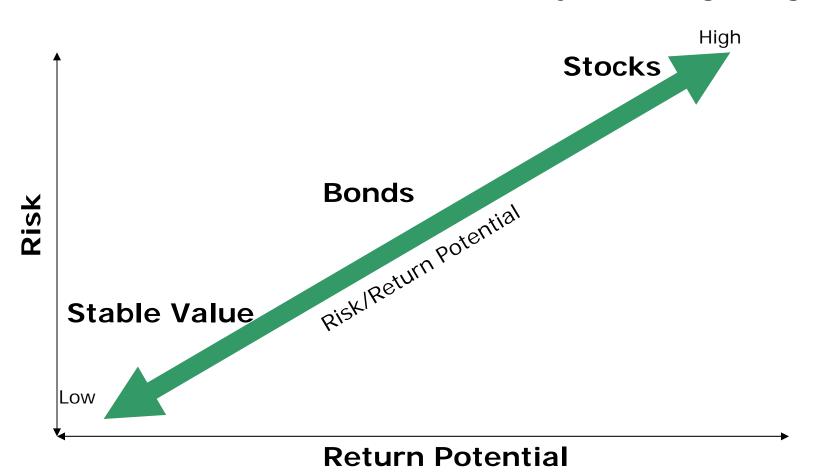
Ultimately, the decision of how much risk to assume in your asset allocation selection is yours. Take these factors into consideration:

- Identify Time Horizon
- Risk Tolerance Level
- Review and modify as you get closer to retirement



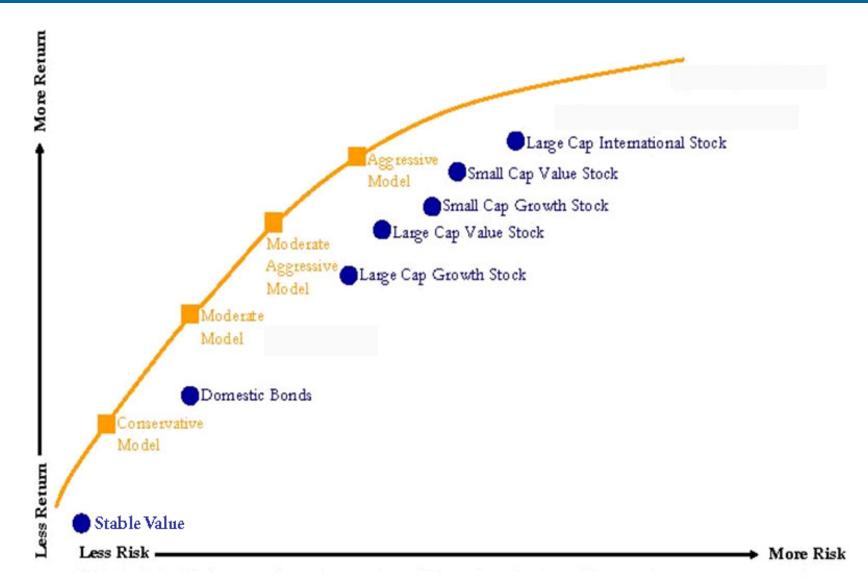
# **Asset Classes**

There are three basic asset classes in your Savings Program:



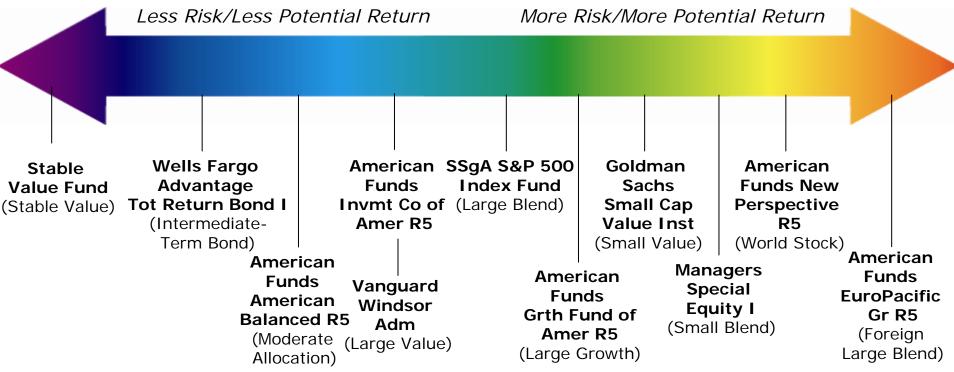


#### **INVESTMENT TYPES**





# **Short-Term Risk/Long-Term Return**



Investors should consider the investment objectives, risks, and charges and expenses carefully before investing. Log on to the Savings Program's website at <a href="https://www.401kaccess.com/oakridge">www.401kaccess.com/oakridge</a> or call 1-800-777-401k for a prospectus, which contains this and other information about the funds. Read the prospectus carefully before you invest. Securities provided through 401(k) Investment Services, Inc. Member FINRA/SIPC, an affiliate of The 401(k) Company. A Charles Schwab Company. All rights reserved. ©2008 The 401(k) Company. All rights reserved.

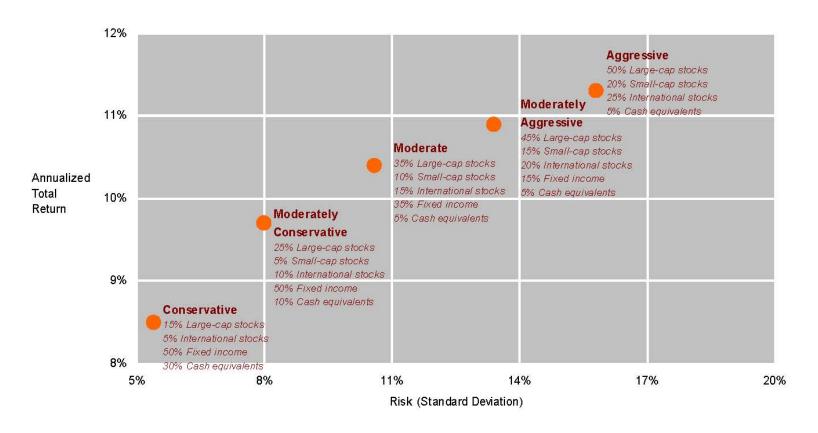


Class R share results for the 10-year period are hypothetical based on Class A share results and have been adjusted to reflect the Class R expense ratio. 23
Please see the fund's prospectus for more information on specific expenses, and the fund's most recent shareholder report for actual date of first sale.

#### **INVESTING**

# Higher returns come with higher risk

Asset allocation helps match your risk tolerance to your expected return (1970-2007)

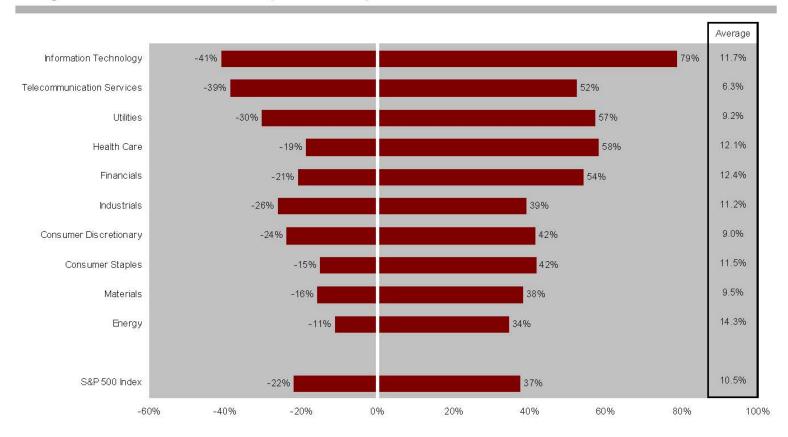


Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The asset allocation plans are weighted averages of the performance of indices used to represent each asset class in the plans, and are rebalanced annually. The indices representing each asset class are S&P 500® Index (large-cap stocks), Russell 2000 Index (small-cap stocks), MSCI EAFE Net of Taxes (international stocks), Lehman Brothers U.S. Aggregate Index (fixed income), and Citigroup U.S. 3-month Treasury bills (cash equivalents). CRSP 6-8 was used for small-cap stocks prior to 1978, Ibbotson Intermediate-Term Government Bond Index was used for fixed income prior to 1978, and Ibbotson U.S. 30-day Treasury Bill Index was used for cash equivalents prior to 1978. Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.



# A well-balanced portfolio includes broad sector representation

Range of annual total returns (1990-2007)



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The chart compares the volatility of the market, which is represented by the S&P 500° Index, to the volatility of market sectors, which are represented by ten GICS sector indices. The highest and lowest annual total return was chosen to depict the volatility for each sector and the market, along with the average annual return for this period. Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.



# Over concentration can be a common, costly mistake

Chapter 11 Examples	Root Cause of Chapter 11 Filing
Enron WorldCom	Fraud
UAL Northwest Airlines Delta Airlines US Airways	Business Model
Pacific Gas & Electric	Deregulation
Polaroid	Technological Obsolescence
Owens Corning W. R. Grace	Litigation
Conseco	Over-leveraged
Delphi	Cost Structure



#### INTERNATIONAL LARGE CAP EQUITIES

Should participants have the opportunity to invest in the corporations that make these products?

Only two are from U.S. companies. Can you identify them?

























# **INTERNATIONAL LARGE CAP EQUITIES**

## Answers:\*

1.	Reebok	United States
2.	Huggies	United States
3.	Lens Crafters	Italy
4.	Columbia Pictures	Japan
5.	Shell	UK / Netherlands
6.	Dr. Pepper / 7 Up	United Kingdom
7.	Ben & Jerry's	United Kingdom
8.	ING	Netherlands
9.	Lean Cuisine	Switzerland
10.	Gerber	Switzerland
11.	Jeep	Germany

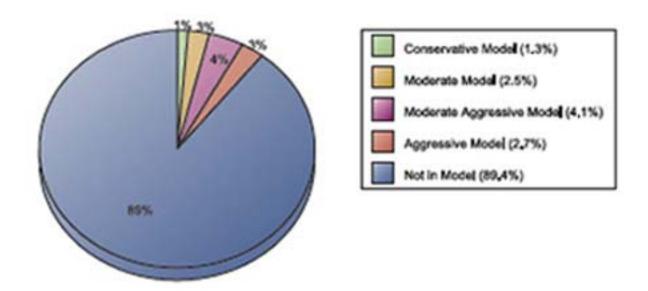
<sup>\*</sup>As of September 12, 2005.



#### MODEL OR BUILD IT YOURSELF

#### Asset Allocation Model Participation as of February 2008

Total number of plan participants 10,657
Percentage of participants invested within a model: 10.6%



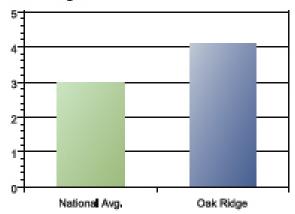


#### **NUMBER OF FUNDS PER PARTICIPANT**

#### Average Number of Funds per Participant

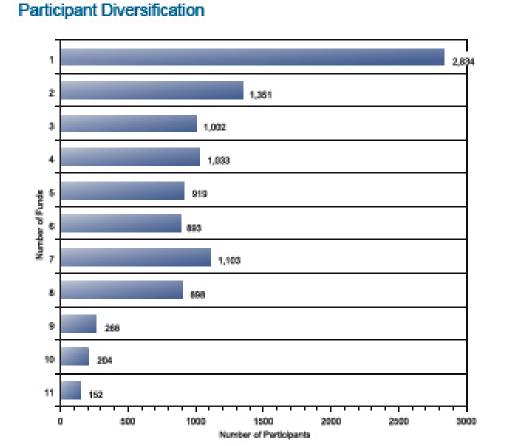
Oak Ridge 401(k) Savings Program:

National Average:



4.1 Funds

3.0 Funds





## **PARTICIPATION & PLAN BALANCE BY FUND**

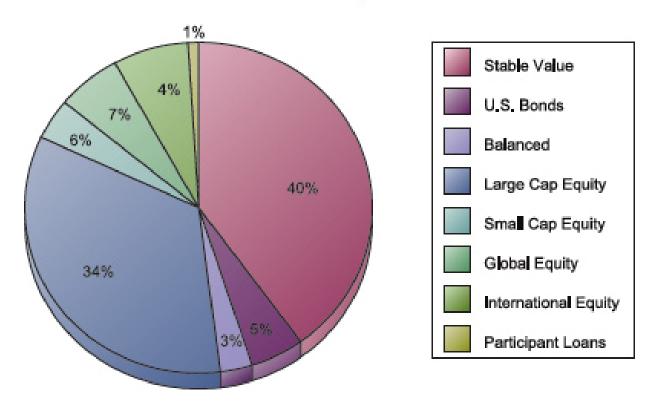
## Asset Allocation as of February 1, 2008

Fund Name	Fund Balance	Participants	Fund Balance Percent	Participant Percent	
Stable Value Fund	\$593,105,109.46	7,565	40%	71%	
Wells Fargo Advantage Tot Return Bond I	\$70,555,985.15	3,069	5%	29%	
American Funds American Balanced R5	\$48,631,117.12	2,192	3%	21%	
American Funds Invmt Co of Amer R5	\$69,400,058.86	3,833	5%	36%	
Vanguard Windsor Adm	\$214,823,977.10	5,999	14%	56%	
SSgA S&P 500 Index Fund	\$76,912,672.19	2,632	5%	25%	
American Funds Grth Fund of Amer R5	\$157,075,626.22	5,455	10%	51%	
Goldman Sachs Small Cap Value Inst	\$24,686,533.96	2,652	2%	25%	
Managers Special Equity I	\$23,029,015.76	2,497	2%	23%	
American Funds New Perspective R5	\$93,516,763.69	3,477	6%	33%	
American Funds EuroPacific Gr R5	\$109,011,744.27	4,454	7%	42%	
Total	\$1,494,638,950.62				



## **ASSET ALLOCATION PARTICIPATION**

#### Asset Allocation as of February 2008





## YOUR INVESTMENT CHOICES

# How can I find out what my best options are for investing?

# 1. Choose from among the Savings Program's investment options

- Review the fund fact sheets included with your Enrollment Guide or available online at <u>www.401kaccess.com/oakridge</u>.
- Request and review fund prospectuses before investing.
- Choose a pre-built asset allocation model or build your own portfolio. It's recommended that you rebalance your account at least annually.

# 2. Access investment guidance from Morningstar® Retirement Manager<sup>SM</sup>

- Available 24/7 from the Savings Program's website.
- Formulate the most appropriate investment strategy for your individual situation.

### 3. Get expert advice from a Financial Advisor

One-on-one personal assistance.



#### **FUND INVESTMENTS**

#### Fund Fact Sheet

See total net assets held in each fund.

> View current and historical performance.

OAK RIDGE 401 (k) SAVINGS PROGRAM

#### Fund Fact Sheet

#### Goldman Sachs Small Cap Value Inst

\$665.75M

% of Fund

1.78%

1.37%

1.28%

1.24%

1,20%

1.18%

1.10%

1.07%

1.05%

30.82%

14.07%

10,09% 6.05%

5.53%

5.12%

5.11%

2.92%

December 31, 2007

Portfolio Statistics

Total Net Assets (As of 12/31/07)

Top 10 Holdings (As or 09/30/07)

Shares Russell 2000 Value Index

El Paso Electric Company

UAP Holding Corporation

Signature Bank

Financials

Industrials

Energy

Utilities

Health Care

Consumer Staples

Telecommunication Services

**Quarterly Returns** 

assets and are subject to change

Materials

-20.0%

Casey's General Stores, Inc.

Oil States International, Inc.

Wabash National Corporation

Alabama National Bancorporation

Sector Weighting (% of equity as of 09/30/07)

Portfolio Statistics are based on a percentage of total net

Parkway Properties, Inc.

Information Technology

Consumer Discretionary

Williams Partners LP

Morningstar Category

97.79%

0.00%

1.83%

0.38%

#### Portfolio Composition (As of 09/30/07)

Stock Bond
Cash
Other

#### Performance (As of 12/31/07) Average Annual Total Return

3 Year	4.93%
5 Year	14.69%
10 Year	9.26%
Since Inception	9.65%

**Underlying Facts** 

Fund Family: Goldman Sachs Fund Inception: 08/15/97 Advisor: Goldman Sachs Asset Management, LP Sub-Advisor: N/A Fund of Funds: No

GSSIX

#### Manager

Otness/Parisi/Barnford/Carroll

#### **Fund Expenses** Management Fees

0.99% 12b-1 Fees None Other Fees 0.08% Current Expense Ratio (gross)

retirement plan are purchased at Net Asset Value, i.e. without a sales charge.

#### Investment Objective

Small-value portfolios invest in small U.S. companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash

View fund expense details.

Return information represents past performance which does not quarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain current performance data as of the most recent month end, go to www.401kaccess.com

The above information contains general information regarding the fund's investment objective. The prospectus includes investment objectives, risks, and charges and expenses of the fund which should be carefully considered before investing. In addition, the prospectus contains other information about the fund. To request a prospectus, which should be carefully read before investing any money, log on to www.401kaccess.com or call 1-800-777-401k.

FUNDS ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) OR ANY OTHER GOVERNMENTAL AGENCY, ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK OR OTHER ENTITY, AND ARE SUBJECT TO INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL

© 2007 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

© 2007 The 401(k) Companies, Inc., A Charles Schwab Company. All rights reserved.

Learn about investment risks.

#### Investment Risks

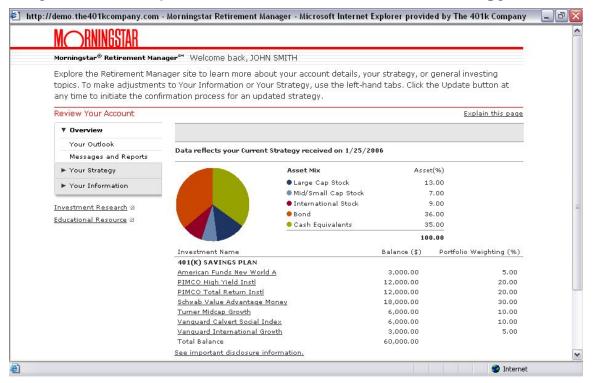
Smaller company stocks historically have exhibited greater price swings than larger company stocks, and perform differently than the overall tock market.

34



# Morningstar® Retirement Manager<sup>SM</sup>

Morningstar® Retirement Manager<sup>SM</sup> is an easy-to-use, online service that can provide you with a personalized retirement strategy.



IMPORTANT: The projections or other information generated by the Morningstar® Retirement Manager<sup>SM</sup> regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time. 35

# Don't Panic When the Markets are Jumpy!

- Beware of taking action as a result of your nervousness without giving thought to your overall investment strategy.
- Avoid hasty decisions and let a long-range perspective be your guiding strategy.
- Don't let market fluctuations dictate your investment decisions. History has shown that the impact of shortterm market losses diminishes over longer investment time frames.
- Prepare yourself to weather periodic market downturns.
- Diversify!

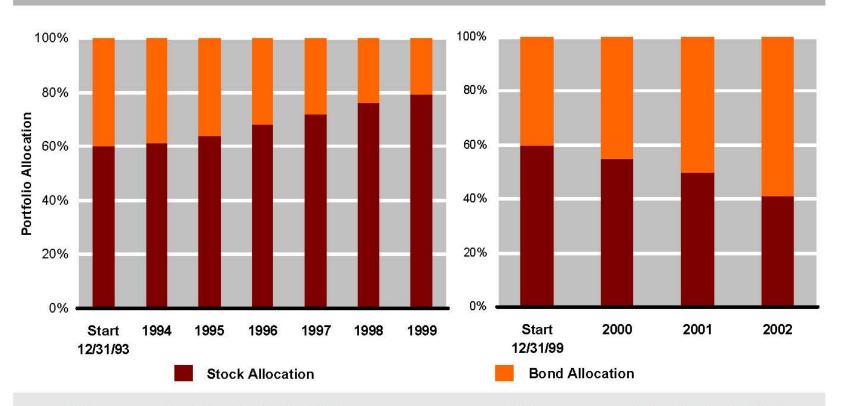


- Rebalancing is recommended if you choose to Build Your Own Portfolio.
- Automatic rebalancing is only available if you elect to have all contribution sources invested the same.
- Rebalancing occurs on a semi-annual basis and is on your entire account.
- Rebalancing reallocates your investments according to the percentages you previously selected.



#### **AUTOMATIC REBALANCING**

### Annual rebalancing adds needed discipline



Without annual rebalancing in the 1990s, a moderate portfolio took on too much risk.

Without annual rebalancing in the 2000s, a moderate portfolio lost recovery potential.

Source: Schwab Center for Financial Research with data from Morningstar, Inc. The portfolio above is composed of 60% stocks and 40% bonds on 12/31/1993, and is not rebalanced through 12/31/1999. It is rebalanced to 60% stocks and 40% bonds on 12/31/99 and not rebalanced through 12/31/2002. Asset class allocations are derived from a weighted average of the total monthly returns of indices representing each asset class. The indices representing the asset classes are the S&P 500 Index (stocks) and the Lehman Brothers U.S. Aggregate Index (bonds). Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees and expenses, and cannot be invested in directly.



# **Avoid These Common Pitfalls to Investing:**

- Forgetting to set goals.
- Failing to diversify.
- Not contributing the maximum amount possible.
- Not taking maximum advantage of an employer match.
- Borrowing from your account with a loan.
- Cashing out your account if you change jobs.



#### How to Make or Change Your Investment Elections:

Log on to <u>www.401kaccess.com/oakridge</u>.

-OR-

 Call Participant Services: 1-800-777-401k, Monday through Friday, 8 a.m. to 10 p.m. Eastern time.

-OR-

Complete the Salary Deferral Agreement Form online or return a paper version to Participant Services by mailing to P.O. Box 684067, Austin, TX 78768-4067 or faxing to 1-512-397-6605.



### Ways to Access Your Account Ongoing:

- Website: You may access and make changes to your account 24/7 via <a href="www.401kaccess.com/oakridge">www.401kaccess.com/oakridge</a>.
   You'll need your Account Number or Web ID and web password.
- Voice Response Unit: Available 24 hours a day at 1-800-777-401k. You'll need your Account Number or VRU ID and Personal Identification Number [PIN].
- Participant Services Representatives: Personal assistance is available by calling 1-800-777-401k, from 8 a.m. to 10 p.m. Eastern time, Monday through Friday.
- Easy to understand Quarterly Participant Statements.



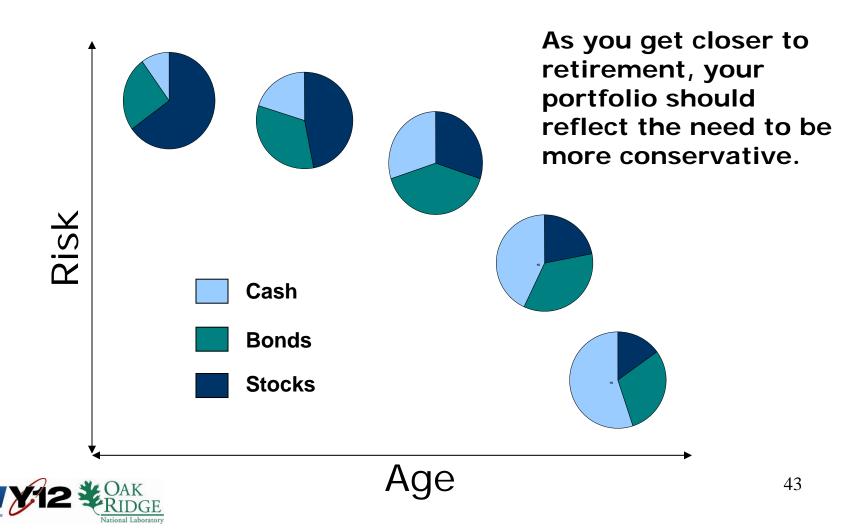
#### SAVINGS PROGRAM

### **ADDITIONAL INFORMATION**





# **Building an Investment Portfolio**



### Asset class performance varies from year to year

Highest Return

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Large growth 38.7%	Small growth 43.1%	Small value 22.8%	Small value 14.0%	Bonds 10.3%	Small growth 48.5% Small value 22.2%		International 13.5%	International 26.3%	Large growth 11.8%	
Large cap	Large growth 33.2%	Bonds	Bonds	Cash	Small cap	International	Large Value	Small value	International	
28.6%		11.6%	8.4%	1.7%	47.3%	20.2%	7.1%	23.5%	11.2%	
International	International	Large value	Cash	Small value	Small value	Small cap	Large growth 5.3%	Large Value	Small growth	
20.0%	27.0%	7.0%	4.1%	-11.4%	46.0%	18.3%		22.2%	7.1%	
Large value	Small cap	Cash	Small cap	Large value	International	Large value	Large cap	Small cap	Bonds	
15.6%	21.3%	6.0%	2.5%	-15.5%	38.6%	16.5%	4.9%	18.4%	7.0%	
Bonds	Large cap	Small cap	Large value	International	Large value	Small growth	Small value	Large cap	Large cap	
8.7%	21.0%	-3.0%	-5.6%	-15.9%	30.0%	14.3%	4.7%	15.8%	5.5%	
Cash	Large value	Large cap	Small growth	Small cap	Large growth	Large cap	Small cap	Small growth	Cash	
5.1%	7.3%	-9.1%	-9.2%	-20.5%	29.7%	10.9%	4.6%	13.3%	4.7%	
Small growth	Cash	International	Large cap	Large cap	Large cap	Large growth 6.3%	Small growth	Large growth	Large value	
1.2%	4.7%	-14.2%	-11.9%	-22.1%	28.7%		4.2%	9.1%	-0.2%	
Small cap -2.5%	Bonds -0.8%	Large growth -22.4%	Large growth -20.4%	Large growth -27.9%	Bonds 4.1%	Bonds 4.3%	Cash 3.0%	Cash 4.8%	Small cap -1.6%	
Small value	Small Value	Small growth	International	Small growth	Cash	Cash	Bonds	Bonds	Small value	
-6.5%	-1.5%	-22.4%	-21.4%	-30.3%	1.1%	1.2%	2.4%	4.3%	-9.8%	

Lowest Return

Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Asset class performance is represented by total annual returns of the following indices: S&P 500® Index (large cap), Russell® 1000 Growth Index (large-cap growth), Russell 1000 Value Index (large-cap value), Russell 2000 Index (small-cap), Russell 2000 Growth Index (small-cap growth), Russell 2000 Value Index (small-cap value), MSCI EAFE Net of Taxes (international stocks), Lehman Brothers U.S. Aggregate Index (bonds), and Citigroup U.S. Domestic 3-Month Treasury bills (cash). Returns assume reinvestment of dividends, interest, and capital gains. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Past performance is no indication of future results.



# Calendar Year Returns for Key Capital Market Indices (1988-2007) Ranked in Order of Performance (Best to Worst)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Emerging Markets 34.9	Emerging Markets 59.2	Bonds 9.0	Emerging Markets 56.0	Small Value 29.1	Emerging Markets 71.3	int'i Smail 8.5	Large Growth 38.1	Real Estate 35.3	Large Growth 36.5	Large Growth 42.2	Emerging Markets 63.7	Real Estate 26.4	Small Value 14.0	Bonds 10.3	int'i Small 53.7	Real Estate 31.6	Emerging Markets 30.3	Real Estate 35.1	Emerging Markets 39.8
Small Value 29.5	Large Growth 36.4	Cash 7.9	Small Growth 51.2	Real Estate 14.6	Int'i Large 32.9	Int'l Large 8.1	Large Value 37.0	Large Growth 24.0	Small Value 31.8	Int'i Large 20.3	Small Growth 43.1	Small Value 22.8	Real Estate 13.9	Real Estate 3.8	Emerging Markets 51.6	Int'i Small 28.7	Int'i Small 22.1	Emerging Markets 32.6	Int'l Large 11.6
Int'i Small 28.8	Large Value 26.1	Large Growth 0.2	Small Value 41.7	Large Value 10.5	Int'i Small 31.1	Cash 4.2	Small Growth 31.0	Large Value 22.0	Large Value 30.0	Large Value 14.7	Large Growth 28.3	Bonds 11.6	Bonds 8.4	Cash 1.7	Small Growth 48.5	Emerging Markets 22.5	Int'i Large 14.0	Int'i Small 29.4	Large Growth 9.1
Int'i Large 28.6	Int'i Small 23.3	Large Value -6.9	Large Growth 38.4	Emerging Markets 9.1	Small Value 23.8	Real Estate 3.2	Small Value 25.8	Small Value 21.4	Real Estate 20.3	int'i Small 12.2	Int'i Large 27.3	Large Value 6.1	Cash 4.1	Int'l Small -7.3	Small Value 46.0	Small Value 22.3	Real Estate 12.2	Int'l Large 26.9	Int'i Small 7.3
Large Value 21.7	Small Growth 20.2	Emerging Markets -13.8	Real Estate 35.7	Small Growth 7.8	Real Estate 19.7	Large Growth 3.1	Bonds 18.5	Small Growth 11.3	Small Growth 13.0	Bonds 8.7	Int'l Small 23.5	Cash 6.0	Emerging Markets -4.9	Emerging Markets -8.0	Int'i Large 39.2	Int'l Large 20.7	Large Value 6.3	Small Value 23.5	Small Growth 7.1
Small Growth 20.4	Bonds 14.5	Real Estate -15.4	Large Value 22.6	Bonds 7.4	Large Value 18.6	Large Value -0.6	Real Estate 15.3	Int'i Small 7.2	Bonds 9.7	Cash 5.1	Large Value 12.7	Int'i Small -10.3	Small Growth -9.2	Small Value -11.4	Real Estate 37.1	Large Value 15.7	Small Value 4.7	Large Value 20.8	Bonds 7.0
Real Estate 13.5	Small Value 12.4	Small Growth -17.4	Bonds 16.0	Large Growth 5.1	Small Growth 13.4	Small Value -1.6	Int'l Large 11.6	Int'i Large 6.4	Cash 5.3	Small Growth 1.2	Cash 4.7	Int'i Large -14.0	Large Value -11.7	Int'l Large -15.7	Large Value 31.8	Small Growth 14.3	Small Growth 4.2	Small Growth 13.4	Cash 4.7
Large Growth 12.0	Int'l Large 10.8	Small Value -21.8	Int'i Large 12.5	Cash 3.6	Bonds 9.8	Small Growth -2.4	Cash 5.8	Cash 5.3	Int'i Large 2.1	Small Value -6.5	Bonds -0.8	Large Growth -22.1	Large Growth -12.7	Large Value -20.9	Large Growth 25.7	Large Growth 6.1	Large Growth 3.5	Large Growth 11.0	Large Value 2.0
Bonds 7.9	Real Estate 8.8	Int'l Small -22.5	Int'i Small 6.5	Int'l Large -11.9	Cash 3.1	Bonds -2.9	Int'l Small 5.3	Emerging Markets 3.9	Int'i Small -9.4	Real Estate -17.5	Small Value -1.5	Small Growth -22.4	Int'l Small -15.7	Large Growth -23.6	Bonds 4.1	Bonds 4.3	Cash 3.0	Cash 4.8	Small Value -9.8
Cash 6.8	Cash 8.6	Int'l Large -23.2	Cash 5.8	Int'l Small -15.2	Large Growth 1.7	Emerging Markets -8.7	Emerging Markets -6.9	Bonds 3.6	Emerging Markets -13.4	Emerging Markets -27.5	Real Estate -4.6	Emerging Markets -31.8	Int'l Large -21.2	Small Growth -30.3	Cash 1.1	Cash 1.2	Bonds 2.4	Bonds 4.3	Real Estate -15.7

Cash: Citigroup U.S. Domestic 3. Month T-Bill Index measures the performance of Treasury Bills issued by the U.S. Government maturing within 3 months. Bonds: Lehman Brothers Aggregate Bond Index measures the performance of the U.S. Investment.grade bond market. Real Estate: NAREIT Equity Index measures the performance of publicity traded real estate equity securities. Large Value and Large Growth: Prior to 2006, S8P/BARRA 500 Value and Value and S8P/BARRA 500 Value and S8P/BARRA 50

Important Disclosures: Indexes are unmanaged, and one cannot invest directly in an index. This analysis assumes market indices are reasonable representations of the asset classes and approximate the returns an investor would have experienced from exposures to the depicted asset classes over the period shown. In latt, investment manager performance relative to the different asset class indices have varied whelp vacros the asset classes during the past 20 years. The market values of equity securities fluctuate in response to interest rates, investor perceptions, and market liquidity. All stocks have risks involving historical and prospective earnings of the stock issuer, the value of its assets and general economic, political and market conditions. Small or relatively new companies have smaller revenues, limited product lines, lower liquidity and small market share, which makes them more susceptible to price fluctuation. Value and Growth stocks tend to go through cycles of doing better (or worse) than the market as a whole and can underperform the market for long periods of time. Stock of foreign issuers can respond adversely to currency fluctuations, differing regulations, accounting standards, as well as political, social and economic instability and can period store. Emerging markets have increased risks related to the same factors, in addition to those associated with the relatively small size and lower liquidity of these markets. Real Estate investment values will rise and fall based on a variety of factors, including pulliding competition, taxes, zoning laws, and defaults.

#### **CHOOSE MUTUAL FUNDS TO MATCH YOUR GOALS**

- Aggressive Growth Funds typically invest in higher growth, higher risk companies. Although some investments will be unsuccessful, others may do well over the long term.
- Growth and Income Funds generally hold stocks of established companies that are expected to grow and currently are paying high dividends. These funds may offer more consistent returns than more speculative funds.
- **Growth Funds** invest in stocks of growing companies, with the expectation that the companies and the stocks are likely to increase in value. Funds may invest in small, mid-size, or large companies, or in all three.
- High Yield Funds invest in low-rated or unrated bonds known as "junk bonds" — that may produce high income. Because such bonds have a higher likelihood of default than higher rated bonds, they're considered risky investments.
- Income Funds hold investments that generate current income. They can be stock or bond funds, or balanced funds that invest in both.
- Municipal Bond Funds invest in tax-exempt bonds issued by a single state or several states. Income is generally exempt from federal taxes.
- Sector Funds focus on one area of the economy, such as technology, pharmaceuticals, utilities, etc. Performance generally depends on how well the sector is doing.
- Value Funds invest in stocks of companies that are considered to be undervalued — that is, their stock prices are lower than they seem to be worth — in the belief that the stocks' true values will be recognized over time.



### Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



Investment Objective:

Seeks to produce consistent, positive returns for investors while preserving principal and maintaining liquidity. The fund also seeks to maximize the current yield while closely tracking intermediate term interest rates.

Stable Value Fund



### Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### Intermediate-Term Bond

Investment Objective:

To seek current income with only limited volatility of principal.

Wells Fargo Advantage Tot Return Bond I



## Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### **Moderate Allocation**

Investment Objective:

Seeks maximum total return through a combination of capital appreciation and current income.

American Funds American Balanced R5



## Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### Large Value

Investment Objective:

To seek capital appreciation by investing primarily in large companies with market capitalizations of \$10 billion or more.

American Funds Invmt Co of Amer R5 Vanguard Windsor Adm



### Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### Large Blend

Investment Objective:

To seek capital appreciation by investing primarily in stocks of large, well-established companies with market capitalizations of \$10 billion or more.

SSgA S&P 500 Index Fund



### Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### Large Growth

Investment Objective:

To seek capital appreciation by investing primarily in stocks of large companies with above-average prospects for earnings growth.

American Funds Grth Fund of Amer R5



### Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### **Small Value**

**Investment Options:** 

To seek capital appreciation by investing primarily in small companies with market capitalizations of less than \$1 billion.

Goldman Sachs Small Cap Value Inst



## Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### **Small Blend**

Investment Objectives:

To seek capital appreciation by investing primarily in small companies with market capitalizations of less than \$1 billion.

Managers Special Equity I



## Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### World Stock

Investment Objective:

To seek long-term capital growth by investing in companies based in developed countries. The funds are appropriate for those who, in exchange for higher potential returns, can accept the risks associated with emerging and international markets.

American Funds New Perspective R5



# Short-Term Risk/Long-Term Return

Less Risk/Less Potential Return

More Risk/More Potential Return



#### Foreign Large Blend

Investment Objectives:

To seek long-term capital growth by investing mainly in companies domiciled in developed countries outside of the U.S.

American Funds EuroPacific Gr R5

